

THE PRODUCER'S OBLIGATIONS

Producers who participate in this program agree to permit a licensed veterinarian approved by Morrell to inspect and supervise their hog production operations, to use and administer all applicable drugs properly and to adhere to the prescribed withdrawal procedures thereto. Producer must transport hogs in a manner to avoid stress and bruising. All hogs must be delivered in good condition. Producer must make John Morrell & Co. aware of his or her delivery intentions for the week no later than 4:00 p.m. Thursday of the week prior. Producer must deliver production on an evenly distributed level throughout the year.

TERMINATION

The producer's right to participate in this program will expire at the end of the contract period. Renewal or extension of the contract term may occur only with the written consent of John Morrell & Co. and the producer.

This contract may be terminated if in Morrell's opinion the Producer has become insolvent. This will be based on financial disclosure or other acceptable tests of insolvency.

The producer's exit from the production of hogs industry will be considered a breach of contract.

Morrell reserves the right to terminate a producer's right to participate in this program before the end of the contract period if the producer defaults in his obligation to deliver 100% of his marketable production of market hogs or if he otherwise fails to perform any material obligation hereunder. Morrell may also discontinue this program at any time if Morrell should permanently withdraw from the business of slaughtering hogs at its facilities in Sioux City, Iowa or Sioux Falls, South Dakota. Upon any such termination, if the producer's ledger account shows a balance due Morrell, then the producer will pay this amount to Morrell in cash, without interest, within 30 days. Termination will not limit Morrell's right to recover from the producer for any loss, damage or liability Morrell may incur as the result of the producer's default.